

Abolishing quotas for students with high A level grades will not drive down university fees

Blog Admin

The recent relaxation of the cap in university fees for undergraduates has seen most universities set their fees at the maximum of £9,000. The soon to be released Higher Education White Paper is set to abolish university quotas for students with high A level grades, with the hope that this may drive down fees. [Tim Leunig](#) finds that the policy is unworkable, and argues that lower fees are highly unlikely, given that demand for places at elite universities is very high.



The [Financial Times reports](#) that the forthcoming Higher Education White Paper will abolish quotas for students with A level grades of two A's and a B (AAB) or better. Apparently the idea is that this will "unleash competition that would drive down fees". The only people daft enough to believe this are the people who were daft enough to believe that fees would average £7,500 in the first place.

Let's be clear. The elite Russell Group universities are research focused. They are not, in the main, interested in expanding their teaching to any great extent. This liberalisation will be a damp squib. For sure, a few new courses will be created, and a few will expand a little. A few students will be better off as a result. Elite universities that want to expand will not cut their prices. LSE, for example, receives 16 applications per place, the vast majority of whom are highly capable. Were we to want to double, triple or quadruple our current size we could do so without cutting fees at all.

"Marginal" AAB universities will not cut their prices to try to win students from universities "above them" in the usual pecking order. It simply would not work: would-be LSE economics students are not going to rush off to a lower ranked university in order to save a couple of thousand pounds.

The policy has a problem with universities that are on the cusp of AAB. Sussex, for example, says that it takes students with AAB-ABB for economics. Does this count as AAB, so that Sussex gets no quota of students, or does this count as ABB so that they do get a quota of places? Can it claim a full quota of ABB students if it fails to recruit any AABs, because other courses have expanded? If so, the total numbers attending university can increase, with cost implications for the government.

Finally, imagine the policy worked: we would then have a system in which good universities like LSE and Sussex must cut fees and budgets, salaries and facilities, in order to fight for students. In contrast less prestigious universities like Leeds Metropolitan or Middlesex could charge £9,000 and be guaranteed their student quota come what may. Governments should never penalise excellence.

If the rest of the White Paper is like this bad, the government should shred it and start again, however long a delay that entails. University policy must not be allowed to go from bad to worse.